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Deans, James

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1905

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THE
AMALGAMATION OF SOCIETIES

AS A MEANS OF

CONSOLIDATING
THE
CO-OPERATIVE MOVEMENT.

BY

JAMES DEANS, KILMARNOCK.



GLASGOW:

PRINTED BY THE SCOTTISH CO-OPERATIVE WHOLESALE SOCIETY LTD.

1905.



THE AMALGAMATION OF SOCIETIES AS A MEANS OF CONSOLIDATING THE CO-OPERATIVE MOVEMENT.

WE are not aware of a question of more urgent and pressing importance, or one more worthy of the serious attention of every thoughtful Co-operator, than the Consolidation of the Co-operative Movement by the Amalgamation of Societies.

Though not by any means the only purpose, still undoubtedly the principal object for which the Co-operative Movement was established by its keen sighted, far-seeing, and warmly-devoted pioneers, and the purpose without the accomplishment of which it can never hope to reach the realisation of its high commercial and social ideals, was to completely eliminate from the trade and commerce and the social life of the country the selfish, unscrupulous, and unrestricted competition that did then, as it does even now, entirely permeate the commercial and social systems of the nation.

The spirit of privilege and the greed of individual gain were never at any former time so rampant in every phase and condition of the life of the nations than they are at present. Man

competes with man, town with town, class with class, and nation with nation; opposing interests of many descriptions array themselves against each other, and engage in the most deadly and disastrous conflicts, with the inevitable consequence, that though in every case the weak are crushed, the whole community also suffers. There is no evading the stern fact that it is this fierce clashing of individual interests that is at the root of all the bitter rivalries, jealousies, and class feuds that so rend and distract society, and do so much to sap and destroy the real pleasures of social life. The fundamental purpose for which the Co-operative Movement was established, was to prove an effectual corrective to such a most unnatural and self-destructive system of society. Its true functions are to gradually reconstruct and so train society that it will be able to move forward in its course with all the steadiness of motion, the harmony of action, and the unity of purpose that distinguishes a well-drilled and competently officered army; that society should not act like blundering soldiers who fire upon their comrades. The mission of Co-operation is to teach and to establish the principle in human life, that not the aggrandisement of the individual but the permanent good of humanity in the aggregate ought to be the end of all human effort, and by that means bring into operation in the industrial and social fabrics of the nation an economic and social force of much value and power for good.

The history of the progress of Co-operation in the United Kingdom during the past fifty years, the status to which it has now attained, the many admitted beneficent results that have during that period emanated from its operations, the favourable and growing attention and criticism it is receiving from nearly every quarter of society, are convincing proofs of its efficiency, if properly guided, to realise to the full its every industrial and social aspiration. It is not an exaggeration of matters to state that the measure of associated action, of commercial enterprise, of administrative and business ability, and of real social progress, which the movement, even in its present imperfect form, has succeeded in developing among the working-classes, is the marvel and the admiration of the most thoughtful minds in the community, and is opening up to the minds of intelligent social reformers vistas of possible social progress hitherto undreamt.

It is necessary, only for a moment, to contrast the condition of almost complete isolation and helplessness, and the entire absence of any real conception of the principle of the unity of human interest and the power of associated action that fifty years ago prevailed among the working-classes, with the present colossal proportions of the Co-operative Movement, its wide and extending ramifications, the amount of wealth and power it has conferred upon its adherents, to prove the great strides that have been made, and to demonstrate the superiority of the principle of association for mutual benefit over the principle of competition for purely personal gain.

The elements and conditions that underlie and are absolutely essential to the strength, the stability, and the steady progress of the Co-operative Movement, are a steadfast and loyal adherence to, and a constant development of, its associative power and social aspirations: if these important principles be to any extent departed from, then to that extent will the power of Co-operation be weakened, and its results be disappointing: if the principle of competition and the spirit and practice of the greed of personal gain are ever permitted to find a footing, or worse still, to exercise a predominating influence in the government of the movement, decay and loss of influence will be the inevitable result, and may prove "the rift within the lute that yet may make the music mute." It is therefore with deep regret and pain that a number of those whose duty it is to keep a watchful eye upon the condition and the progress of Co-operation have observed in various parts of Scotland the development not only of a tendency to depart but a decided departure from its associative and fundamental principles, and to such an extent as to seriously imperil its stability and progress in these localities.

The serious state of congestion, the competition, and the consequent friction which, it must be admitted, unfortunately exist in many parts of the United Kingdom, is the result of a variety of causes. In a number of large towns, where competition and friction exist to a considerable extent among the societies, it is the result of the rapid growth that of recent years has taken place in their membership. When the societies in these cities and towns were started they were very small and their growth was comparatively slow, and there was a wide and

ample field for each of them to carry on their operations without any hindrance to or coming into conflict with the others. But during the last few years a number of these societies have increased at an extraordinary rate, constantly extending their area by the opening of new branches, thus coming into sharp contact with and, in some cases, completely overshadowing those whose progress has not been of such a rapid nature; and the condition of matters we are compelled to witness is, on the one hand a struggle for further progress on the part of the large societies, and a struggle for very existence itself on the part of the small societies, which is not creditable to the intelligence and the organising capacity of the movement.

There are towns of not more than 15,000 or 20,000 of a population with as many as six and even eight Co-operative societies, whose operations are confined to the conducting of a purely grocery trade, and even that to a limited extent, with a total membership of from 1,800 to 2,000. Consider for a moment the absolute futility of such a state of matters. There are in all probability one hundred individuals engaged in committee work, when ten would be amply sufficient—eight different stocks and eight different staffs of salesmen to supply the wants of such a comparatively small Co-operative community, barely sufficient to form one fairly large and prosperous society.

There are other parts of the country, again, where the small towns and villages are numerous, and are situated in close proximity to each other, and all provided with a separate Co-operative society. In nearly every case the business of these societies is confined to a somewhat limited grocery trade. There are a number of localities where, within a radius of five miles, as many as six Co-operative societies are to be found, all of which only supply their members with grocery goods.

Were these societies amalgamated into one society, the combined trade would be sufficient to justify the opening of a number of extra departments, such as drapery, boot and shoe, furniture, and butcher-meat, thus giving facilities for a greatly increased purchasing power on the part of the members, and thereby increasing the financial benefits of Co-operative enterprise. Though probably the rate of dividend per £ might be

reduced by the opening of these various departments, the amount of the members' purchases would be greatly increased, and the total dividend at the end of the quarter much greater. The addition of such departments to these societies would naturally increase the trade of the Co-operative Wholesale Societies in their productive departments, and would tend to bring nearer the realisation the self-employment of the members of Co-operative societies. We are confident that were the societies in congested districts amalgamated and thoroughly organised, and their resources to supply their members with the commodities they consume properly developed, at least twenty-five per cent. would be added to their trade, even although not a single individual was added to their membership.

Another very painful and prolific source of the unnecessary multiplication of societies is, that very often when any serious difference of opinion arises in a society on any question of management, instead of quietly and intelligently reasoning the matter out to some common ground or agreement—or, if they find it impossible to settle the matter in dispute within themselves, calling in outside aid to bring about an agreement, which aid is amply provided for in the various organisations of the Movement—there is a tendency to allow feeling to become strong and bitter, and the minority, instead of falling in with the decision of the majority, often separate themselves and form another society, both parties frequently being alike regardless to the possible damage that is thereby inflicted upon Co-operation, not only in their particular locality but also upon the interests of the movement generally. Of such a tendency, it must be admitted with regret, we have recently had some most deplorable instances. The direct outcome of this congested condition of various parts of the movement, brought about by the different causes mentioned, is the humiliation of witnessing within the Co-operative Movement an amount of competition, overlapping, friction, and waste, that in intensity is at least equal to, if it does not even exceed, anything of the kind to be found in the ranks of private enterprise; and how to prevent its further spreading, and to remove the present stigma that is thus being cast upon the fair fame of a great enterprise, is the problem that is perplexing the minds of many of its most thoughtful leaders and well-wishers.

The drafting of boundary lines within the limits of which the societies bind themselves to confine their branches, and the delivery of goods either by van or other means, has been recommended and adopted by several societies as an experiment for modifying the evils of competition and overlapping that prevailed; but it is not difficult to point out or to understand that boundary lines, though they may succeed in modifying and even removing the evil effects of competition and overlapping, are totally insufficient to remove the real cause or disease from which these evils emanate. At the very best they can only be considered as partial and temporary remedies, because there exists always the danger and the possibility of one or more of the societies that are parties to the agreement breaking faith with the others, and bringing about the collapse of the entire arrangement. Boundary lines in no degree lessen the number of societies, which is really the root of the disease, and therefore fail to effect to any important extent the injury done to the economic force and the prestige of the movement in the locality, by the existence of an unnecessary number of societies. Still boundary lines are much preferable to a state of unrestricted overlapping and competition; and by all means let them be adopted where nothing more radical will be accepted.

The only real and complete remedy for the evils of overlapping and competition which prevail in the movement, and which, it is to be regretted, is showing a decided tendency to increase as Co-operation spreads, is to lessen the number of societies in the congested localities, by amalgamating them together into one large and well-conducted society, that is able to overtake in a thorough and business-like manner all the departments of trade necessary to supply the wants of the members, and thus not only put an end to the stigma of unrestricted competition, but also develop the resources of the movement in a manner that can never be accomplished by a number of smaller societies. One large society in a locality, with its well-stocked branches in every department of trade spread over the town or district, gives a prestige and a power to Co-operation which no number of small societies carrying on, it may be, two departments of trade, and that in a small way, ever can; and the sooner the Co-operative Union and the Conference Associations press the principle of

amalgamation upon the societies in the offending localities, and persuade them to adopt it, the better will it be both for such societies and the movement generally. If Co-operation is to make the progress and to accomplish the great results expected of it, both its leaders and the rank and file will have to rise superior to the petty pride, the self-interest and jealousy, that are the main cause of such important reforms as amalgamation not being carried into practical operation.

A further strong argument in support of the principle of amalgamation is, that the trend of events at the present time is for the distribution of the commodities of life to be carried on by large syndicates, trusts, and combines, whose capital and operations are of a gigantic nature, and who are opening branches of their colossal business in almost every city, town, and village of importance in the United Kingdom.

These syndicates are backed by an enormous capital and a powerful personal influence, and in many localities are entirely ousting the small trader from the field he has so long occupied, and there is no doubt that small Co-operative societies will, in time, find in them very powerful competitors; and the most efficient method to withstand their powerful influence, and to protect the community from being dominated by them, is, wherever such is possible, for small societies to amalgamate together and form large and well-organised societies.

In the several instances where efforts have been made to bring about amalgamation in congested localities, the principal objections urged against it by its opponents are, strange to say, that societies are not the worse but the better of competition; that it gives rise to an amount of energy that probably without it would not exist; that competition is the very life of trade, and that the consumer is benefited by its results. If such be the case, it naturally follows that, as private enterprise is well qualified to confer all the supposed benefits of competition, the Co-operative Movement, which is in direct opposition to every species of competition, is a decided mistake, and all the toil and thought that have been expended in building it up have been spent to no purpose. But at this time of day, and in an assembly of intelligent men, such an argument requires no refuting.

It is also urged against the principle of amalgamation that the amalgamated societies would be too large for the business

capacity of working-men to successfully manage. To completely refute such an argument it is only necessary to refer to the most successful manner in which such large societies as Leeds and St Cuthbert's, Edinburgh, with their enormous memberships, numerous departments and branches, are managed, and many other large and exceedingly well-managed societies that might be named, and very specially can we point to the English and Scottish Wholesale Societies, with their gigantic trade, all of which have been organised and are managed by working-men.

The following is the Special Resolution required, in terms of the Industrial and Provident Societies Act 1893, for the amalgamation of societies. It is necessary that the Special Resolution be passed by a three-fourths majority of the members present and voting at a special general meeting of each of the societies, convened in terms of the societies' rules for convening special meetings. It is also necessary that it be passed at a second special general meeting of each of the societies, held not less than fourteen and not more than twenty-eight days after the first special general meetings. A simple majority is sufficient to pass the Resolution at the second meetings. When this has been accomplished, each society applies to the Co-operative Union for a copy of the form for the amalgamation of societies, which is filled up by each of the societies in accordance with the instructions it contains, and returned to the Registrar. When the Registrar has registered the Special Resolutions passed by each society, the societies are amalgamated. This process can be carried out with very little trouble and expense; and the officials of the Co-operative Union at either the Central or Sectional Offices will be very pleased to supply all necessary advice and information desired on the subject.

There are other conditions attached to the amalgamation of societies which are generally mutually agreed upon, and which should be brought before the special general meetings of the two societies. These conditions relate to the method by which the societies' stocks shall be valued—whether by a special stocktaking by neutral parties or by a valuation by a competent valuator; to the payment of the expenses incurred in connection with the amalgamation; and to other details which will be found necessary to adjust. Such conditions do not require to be registered, but simply mutually agreed upon.

SPECIAL RESOLUTION

FOR THE

Amalgamation of Co-operative Societies,

To be passed at Two Special General Meetings of the
Members of each Society.

This Society and the.....Co-operative
Society Limited shall be amalgamated on the conditions following:—

1. The Name of the amalgamated Society shall be the.....
Co-operative Society Limited.
2. The Rules of the amalgamated Society shall be the Rules of the
.....Co-operative Society Limited.
3. All the members of each of the above-named Societies at the time
when this resolution is registered, shall be members of the
amalgamated Society, each of whom respectively shall be
credited in the books of the Society with the like amounts of
Shares, Share Capital, Loans, Deposits, Dividend, and Interest
as are standing to his or her credit in the books of the Society
of which he or she is a member, as per valuation at the date of
such registration.
4. The amalgamated Society shall be credited with all the assets of
each of the above-named Societies as per valuation at the date
of the registration of this Resolution, and shall undertake all
the obligations affecting either of the said Societies at such
date.

1892 H 507

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